

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 CIAE-00 COME-00
DODE-00 DOTE-00 FMC-01 INR-10 NSAE-00 CG-00
DLOS-09 OES-09 ITC-01 /061 W
-----037037 242303Z /14

R 241101Z JUL 78
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 8260
INFO AMCONSUL HONG KONG
AMEMBASSY SEOUL
AMEMBASSY MOSCOW
USLO PEKING
AMEMBASSY TOKYO

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DEPARTMENT PASS DEPARTMENT OF COMMERCE (DOC), FEDERAL
MARITIME ADMINISTRATION (FMC), AND MARITIME ADMINISTRATION
(MARAD)

TOKYO FOR MARITIME ATTACHE

E.O. 11652: N/A
TAGS: EWWT, TW
SUBJECT: VISIT OF FEDERAL MARITIME COMMISSION OFFICIALS

REF: STATE 170311

SUMMARY: TWO OFFICIALS OF THE FEDERAL MARITIME COMMISSION
(FMC) VISITED TAIPEI JULY 17-20 TO BEGIN DISCUSSIONS WITH
ROC GOVERNMENT AND INDUSTRY OFFICIALS CONCERNING COMPLIANCE
WITH U.S. LAW REQUIRING STRICT ADHERENCE TO PUBLISHED OCEAN
FREIGHT RATES. THE ATTITUDE WAS COOPERATIVE BUT NO SPE-
CIFIC PROPOSALS WERE ADOPTED. END SUMMARY

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1. CURRENT U.S. LAW REQUIRES STRICT COMPLIANCE WITH PUB-
LISHED TARIFFS ON FILE WITH THE FEDERAL MARITIME COMMISSION
IN WASHINGTON. FAILURE TO FILE OR CHANGE THE RATE CAN RE-
SULT IN FINES OF UP TO \$5,000 PER OCCURRENCE. IN RECENT
YEARS, RATE WARS IN THE TRANS-PACIFIC TRADE HAVE RESULTED
IN "REBATES" OF PART OF THE PROPER CHARGES. SEVERAL DO-
MESTIC U.S. CARRIERS HAVE BEEN FINED AND THE COMMISSION IS

NOW SEEKING COOPERATION FROM PACIFIC TRADING PARTNERS.

2. FMC DIRECTOR OF ENFORCEMENT JAMES COOPER AND BRIAN KEHOE, ASSISTANT TO THE CHAIRMAN FOR INTERNATIONAL AFFAIRS, MET WITH MINISTRY OF COMMUNICATIONS OFFICIALS HAVING JURISDICTION OVER OCEAN SHIPPING WHO EMPHASIZED THAT CURRENT ROC LAW IS SIMILAR TO U.S. POLICIES. MINISTRY OFFICIALS, ON LEARNING OF REBATES, ARE TO ISSUE WARNINGS AND, AFTER THE THIRD WARNING WITHIN A YEAR, ARE EMPOWERED TO CLOSE ROC PORTS TO THAT LINE FOR ONE MONTH. VICE MINISTER OF COMMUNICATIONS TENG-KAO CHU INDICATED THAT WITH THE GROWTH OF YANGMING, A STATE-OWNED LINE WHICH IS FORBIDDEN TO REBATE AND IS UNDER CLOSE SCRUTINY FROM THE FINANCE MINISTRY, THE GOVERNMENT WAS MORE INTERESTED IN CONTROLLING REBATING IN ORDER TO PROTECT ITS INVESTMENT. HE ALSO EXPRESSED CONCERN OVER SOVIET AND PRC SHIPPING.

3. KEHOE AND COOPER ALSO MET WITH YANGMING AND EVERGREEN LINE OFFICIALS. BOTH LINES ARE WELL ORGANIZED AND RAPIDLY GROWING. PRIVATE COMMENTS INDICATED THE VISIT HAS CAUSED INTENSE SPECULATION IN SHIPPING CIRCLES SINCE THE COMMISSION IS CURRENTLY INVESTIGATING A NUMBER OF CHINESE LINES FOR PAST MALPRACTICES, INCLUDING EVERGREEN. ATTENTION WAS ALSO INVITED TO THE SHIPPING SITUATION IN THE REPUBLIC OF KOREA. UNGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARITIME LAW, VISITS, COMMISSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TAIPEI04775
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780303-1139
Format: TEL
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780726/aaaaavvj.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7ad6676d-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 170311
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1903327
Secure: OPEN
Status: NATIVE
Subject: VISIT OF FEDERAL MARITIME COMMISSION OFFICIALS
TAGS: EWWT, TW
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/7ad6676d-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014